

STATE FUNDING LEVELS FOR EDUCATION VERSUS MEDICAID VERSUS TAX CREDITS VERSUS STATE GENERAL REVENUE

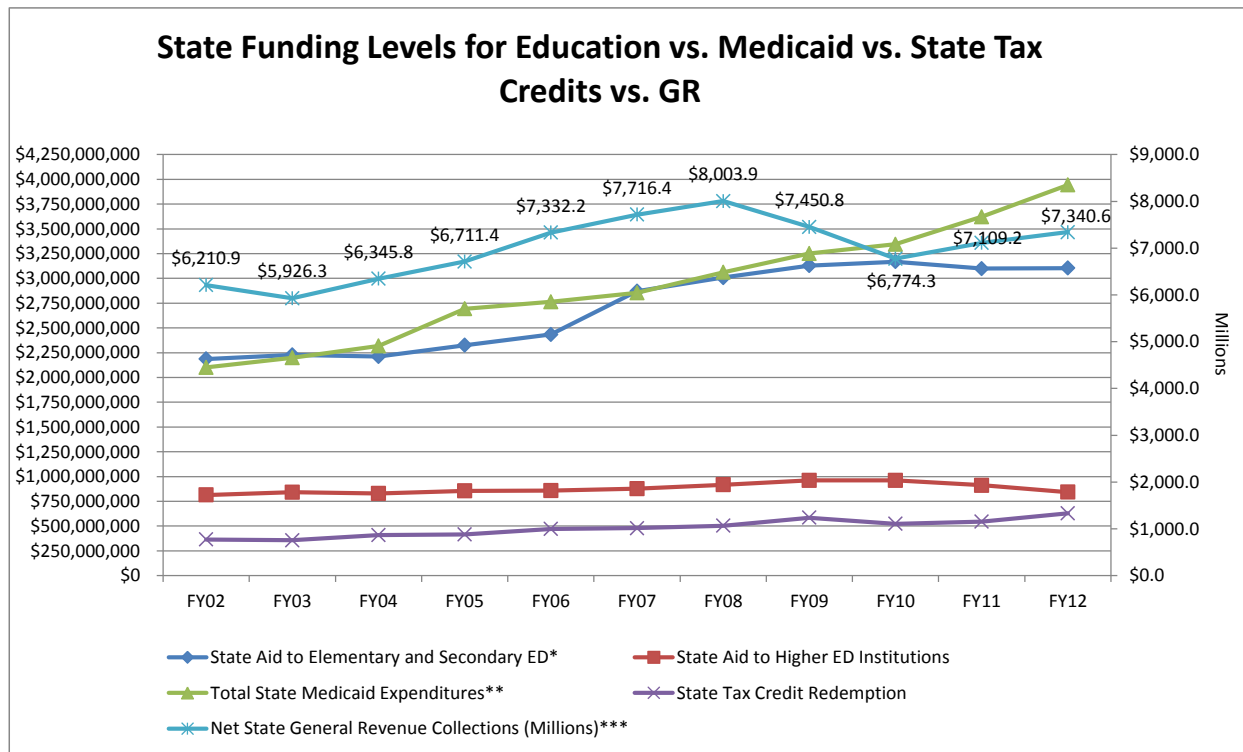
This report includes a comparison of state expenditures for education, tax credits, and Medicaid, as well as Net State General Revenue (GR) collections for Fiscal Years (FY) 2002 through 2012. The FY 2013 budget for education and Medicaid is also included in this report.

The table and chart on page 2 provides a comparison of the education, tax credits, and Medicaid expenditures to Net State GR collections. When comparing the percent growth for each of the above four areas for FY 2002 through 2012, state aid to elementary and secondary education increased by 42%; state aid to higher education institutions increased by only 3.5%; total state Medicaid expenditures increased by 87%; and state tax credit redemption increased by over 72% for this time period, while net GR collections only increased by 18%.

The information included on pages 3 through 6 provide funding and expenditure levels for both public elementary and secondary education, and public higher education institutions. Page 7 includes information for Medicaid expenditures, and pages 8 through 11 include information for tax credit authorization, issuance, and redemption.

STATE FUNDING LEVELS FOR EDUCATION VERSUS MEDICAID VERSUS TAX CREDITS VERSUS STATE GENERAL REVENUE

| Fiscal Year | State Aid to Elementary and Secondary ED * | State Aid to Higher Education Institutions | Total State Medicaid Expenditures ** | State Tax Credits Redeemed | Net State General Revenue Collections (Millions) *** | Annual Net State GR % Change |
|---------------------------|--|--|--------------------------------------|----------------------------|--|------------------------------|
| FY02 | \$2,185,827,611 | \$814,506,618 | \$2,101,907,417 | \$365,206,021 | \$6,210.9 | |
| FY03 | \$2,228,045,689 | \$842,022,563 | \$2,199,400,126 | \$355,955,569 | \$5,926.3 | (4.58%) |
| FY04 | \$2,210,800,007 | \$829,820,980 | \$2,317,221,583 | \$408,271,030 | \$6,345.8 | 7.08% |
| FY05 | \$2,325,466,470 | \$855,729,164 | \$2,694,209,797 | \$414,905,925 | \$6,711.4 | 5.76% |
| FY06 | \$2,434,121,793 | \$857,487,163 | \$2,762,321,357 | \$471,635,160 | \$7,332.2 | 9.25% |
| FY07 | \$2,869,949,147 | \$877,215,841 | \$2,853,097,510 | \$478,943,810 | \$7,716.4 | 5.24% |
| FY08 | \$3,007,681,943 | \$917,134,414 | \$3,062,072,496 | \$504,031,893 | \$8,003.9 | 3.73% |
| FY09 | \$3,129,017,451 | \$961,515,803 | \$3,250,472,247 | \$584,526,192 | \$7,450.8 | (6.91%) |
| FY10 | \$3,168,186,123 | \$961,515,803 | \$3,343,673,562 | \$522,874,467 | \$6,774.3 | (9.08%) |
| FY11 | \$3,098,686,123 | \$911,457,921 | \$3,621,924,141 | \$545,145,614 | \$7,109.2 | 4.94% |
| FY12 | \$3,104,186,123 | \$842,945,925 | \$3,943,460,006 | \$629,311,551 | \$7,340.6 | 3.25% |
| FY13 Budget | \$3,109,186,123 | \$841,879,304 | \$4,057,160,840 | N/A | \$7,585.6 | 3.90% |
| FY 02-12 \$ Change | \$918,358,512 | \$28,439,307 | \$1,841,552,589 | \$264,105,530 | \$1,130 | |
| FY 02-12 % Change | 42.0% | 3.5% | 87.6% | 72.3% | 18.2% | |



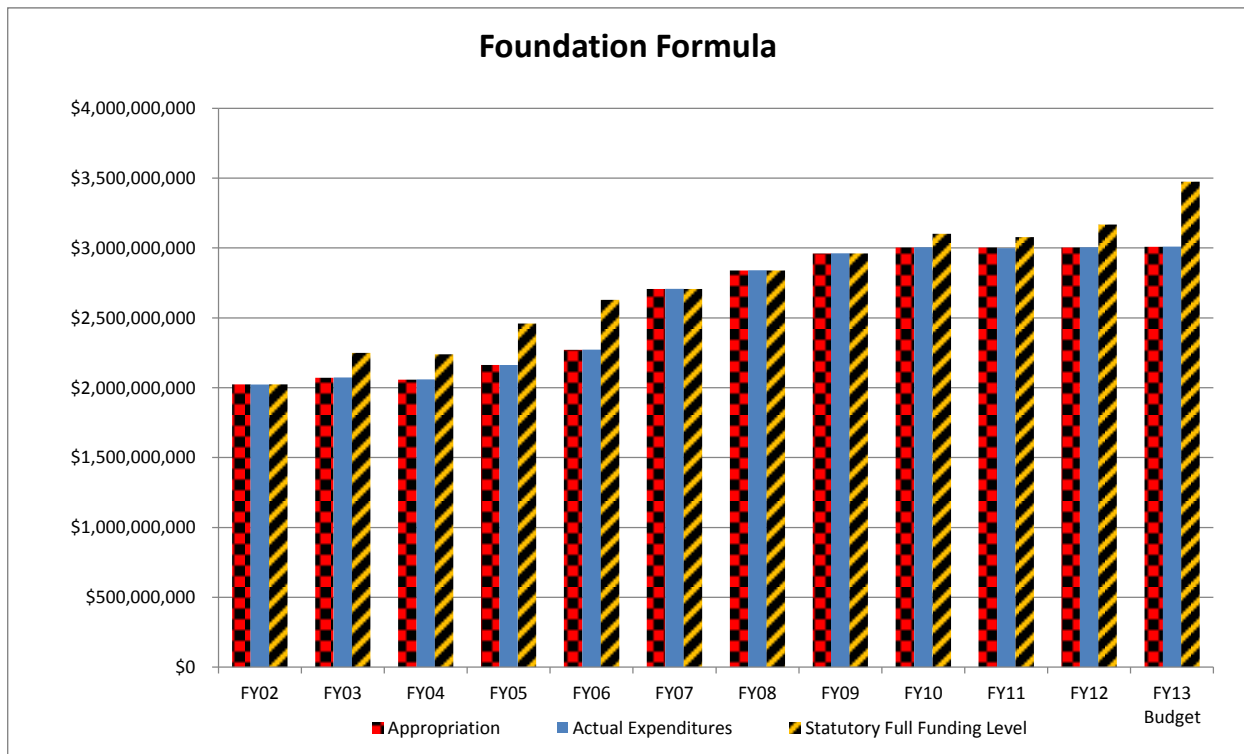
* Includes all state funds for both the Foundation Formula and Transportation funding.

** Includes all state funds (General Revenue and General Revenue equivalent, which includes funds generated from the Federal Reimbursement Allowance (also referred to as the provider taxes) and other state funds.

***Figures in this column are shown in Millions.

Foundation Formula

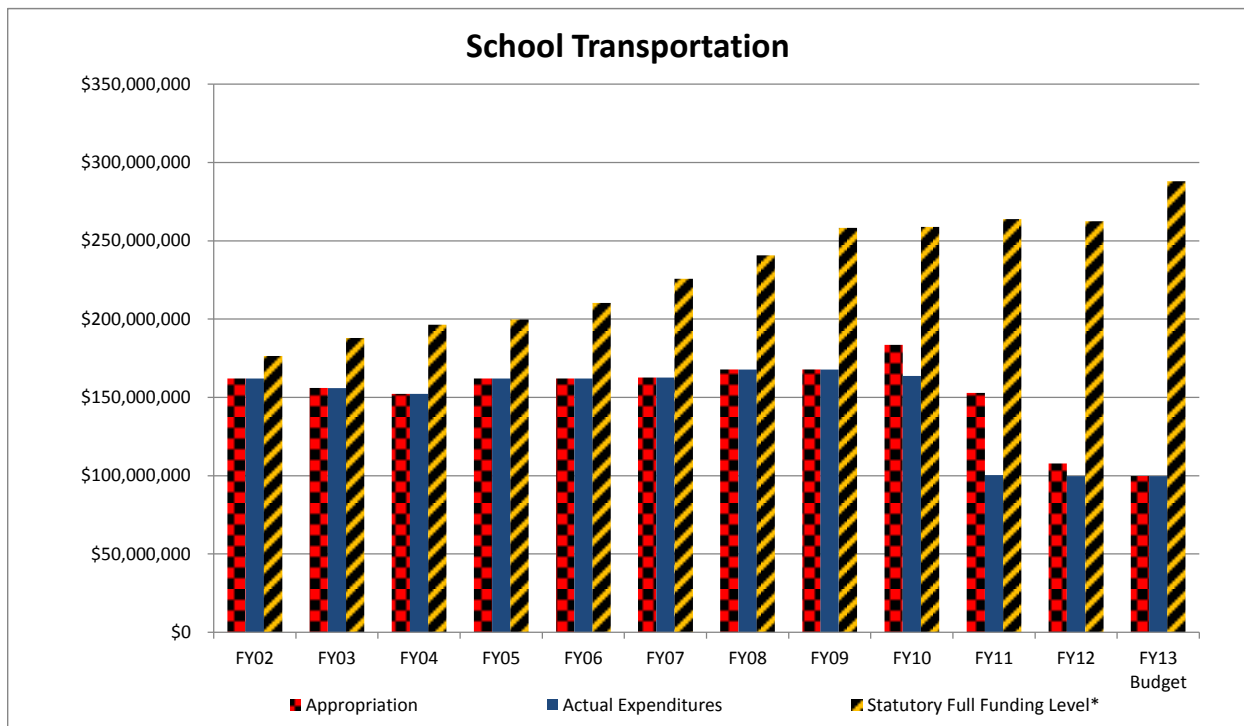
| Fiscal Year | Appropriation | Actual Expenditures | Statutory Full Funding Level | Annual Amount Over/ Under Funded* |
|---------------------------|----------------------|----------------------|------------------------------|-----------------------------------|
| FY02 | \$2,023,760,369 | \$2,023,760,369 | \$2,023,760,369 | \$0 |
| FY03 | \$2,072,083,288 | \$2,072,083,288 | \$2,249,111,605 | (\$177,028,317) |
| FY04 | \$2,058,633,074 | \$2,058,633,074 | \$2,239,724,868 | (\$181,091,794) |
| FY05 | \$2,163,399,064 | \$2,163,399,064 | \$2,460,211,054 | (\$296,811,990) |
| FY06 | \$2,272,054,717 | \$2,272,054,717 | \$2,629,011,364 | (\$356,956,647) |
| FY07 | \$2,707,281,434 | \$2,707,281,434 | \$2,707,281,434 | \$0 |
| FY08 | \$2,839,884,230 | \$2,839,884,230 | \$2,839,884,230 | \$0 |
| FY09 | \$2,961,219,738 | \$2,961,219,738 | \$2,961,219,738 | \$0 |
| FY10 | \$3,004,388,410 | \$3,004,388,410 | \$3,102,592,008 | (\$98,203,598) |
| FY11 | \$3,004,388,410 | \$2,998,388,410 | \$3,078,736,161 | (\$80,347,751) |
| FY12 | \$3,004,388,410 | \$3,004,388,410 | \$3,168,699,431 | (\$164,311,021) |
| FY13 Budget | \$3,009,388,410 | \$3,009,388,410 | \$3,475,565,492 | (\$466,177,082) |
| FY 02-12 \$ Change | \$980,628,041 | \$980,628,041 | \$1,144,939,062 | |
| FY 02-12 % Change | 48.5% | 48.5% | 56.6% | |



*The "Annual Amount Over/Under Funded" is the difference between the Actual Expenditures amount and the Full Funding Level called for in the statutory calculation.

School Transportation

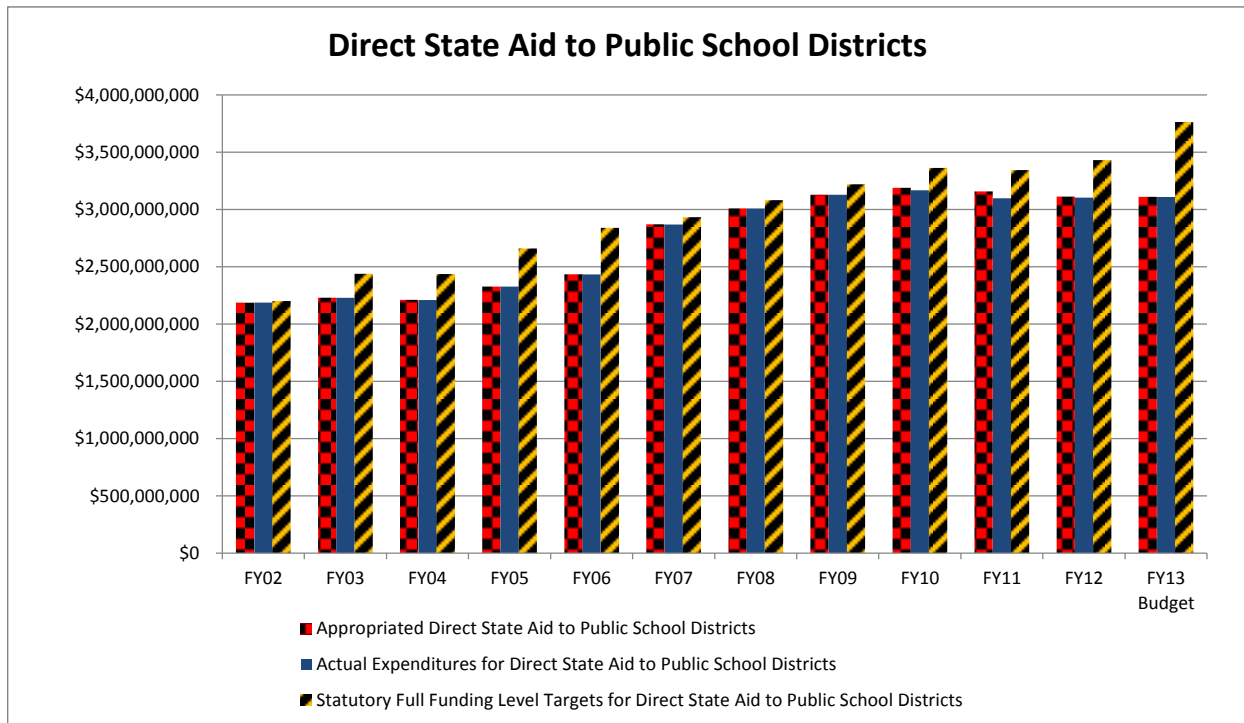
| Fiscal Year | Appropriation | Actual Expenditures | Statutory Full Funding Level* | Annual Amount Over/ Under Funded* |
|---------------------------|-----------------------|-----------------------|-------------------------------|-----------------------------------|
| FY02 | \$162,067,242 | \$162,067,242 | \$176,490,199 | (\$14,422,957) |
| FY03 | \$155,962,401 | \$155,962,401 | \$187,905,541 | (\$31,943,140) |
| FY04 | \$152,166,933 | \$152,166,933 | \$196,334,281 | (\$44,167,348) |
| FY05 | \$162,067,406 | \$162,067,406 | \$199,741,390 | (\$37,673,984) |
| FY06 | \$162,067,076 | \$162,067,076 | \$210,271,912 | (\$48,204,836) |
| FY07 | \$162,667,713 | \$162,667,713 | \$225,701,950 | (\$63,034,237) |
| FY08 | \$167,797,713 | \$167,797,713 | \$240,695,175 | (\$72,897,462) |
| FY09 | \$167,797,713 | \$167,797,713 | \$258,225,348 | (\$90,427,635) |
| FY10 | \$183,603,843 | \$163,797,713 | \$258,908,840 | (\$95,111,127) |
| FY11 | \$152,797,713 | \$100,297,713 | \$263,834,194 | (\$163,536,481) |
| FY12 | \$107,797,713 | \$99,797,713 | \$262,518,814 | (\$162,721,101) |
| FY13 Budget | \$99,797,713 | \$99,797,713 | \$287,954,846 | (\$188,157,133) |
| FY 02-12 \$ Change | (\$54,269,529) | (\$62,269,529) | \$86,028,615 | |
| FY 02-12 % Change | (33.5%) | (38.4%) | 48.7% | |



*The "Annual Amount Over/Under Funded" is the difference between the Actual Expenditures amount and the Full Funding Level called for in the statutory calculation. Section 163.161 RSMo. establishes the State Transportation Aid Program, which reimburses school districts for up to 75% of their allowable student transportation costs.

Direct State Aid to Public School Districts*

| Fiscal Year | Appropriated Direct State Aid to Public School Districts | Actual Expenditures for Direct State Aid to Public School Districts | Statutory Full Funding Level Targets for Direct State Aid to Public School Districts | Annual Amount Over/ Under Funded** |
|---------------------------|--|---|--|------------------------------------|
| FY02 | \$2,185,827,611 | \$2,185,827,611 | \$2,200,250,568 | (\$14,422,957) |
| FY03 | \$2,228,045,689 | \$2,228,045,689 | \$2,437,017,146 | (\$208,971,457) |
| FY04 | \$2,210,800,007 | \$2,210,800,007 | \$2,436,059,149 | (\$225,259,142) |
| FY05 | \$2,325,466,470 | \$2,325,466,470 | \$2,659,952,444 | (\$334,485,974) |
| FY06 | \$2,434,121,793 | \$2,434,121,793 | \$2,839,283,276 | (\$405,161,483) |
| FY07 | \$2,869,949,147 | \$2,869,949,147 | \$2,932,983,384 | (\$63,034,237) |
| FY08 | \$3,007,681,943 | \$3,007,681,943 | \$3,080,579,405 | (\$72,897,462) |
| FY09 | \$3,129,017,451 | \$3,129,017,451 | \$3,219,445,086 | (\$90,427,635) |
| FY10 | \$3,187,992,253 | \$3,168,186,123 | \$3,361,500,848 | (\$193,314,725) |
| FY11 | \$3,157,186,123 | \$3,098,686,123 | \$3,342,570,355 | (\$243,884,232) |
| FY12 | \$3,112,186,123 | \$3,104,186,123 | \$3,431,218,245 | (\$327,032,122) |
| FY13 Budget | \$3,109,186,123 | \$3,109,186,123 | \$3,763,520,338 | (\$654,334,215) |
| FY 02-12 \$ Change | \$926,358,512 | \$918,358,512 | \$1,230,967,677 | |
| FY 02-12 % Change | 42.4% | 42.0% | 55.9% | |

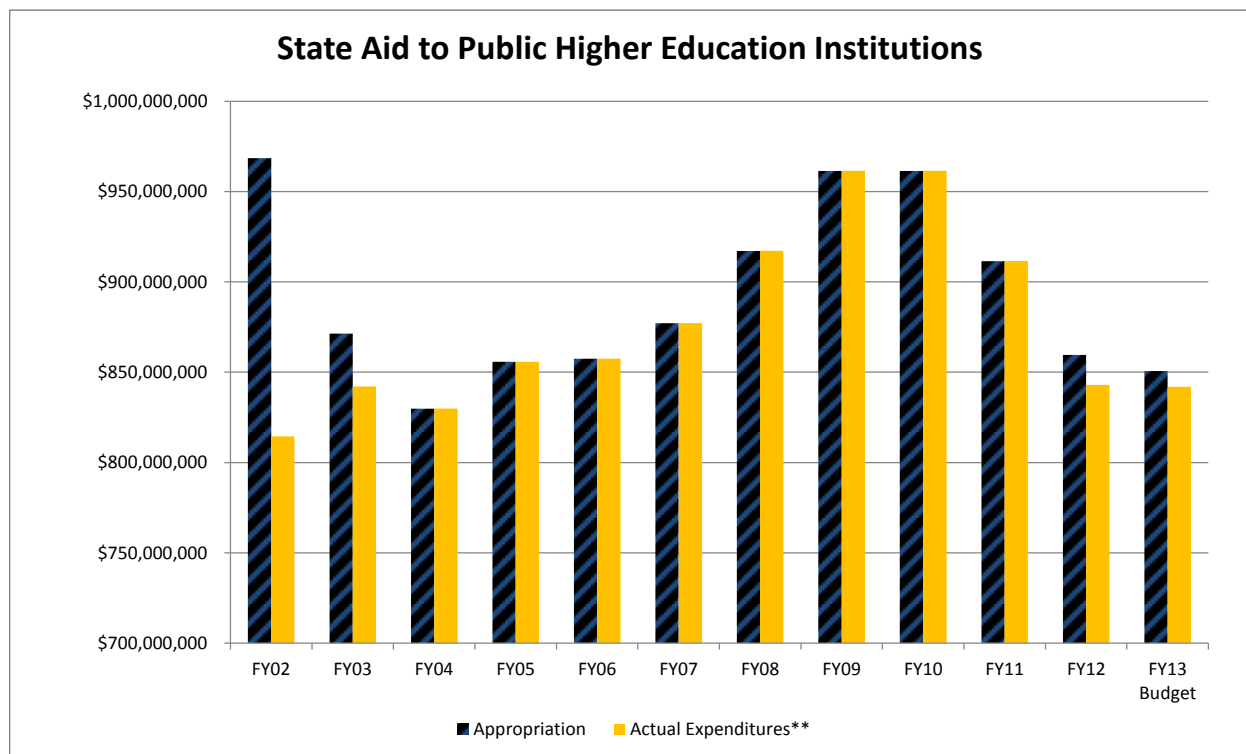


*For the purposes of this chart and graph, Direct State Aid to Public School Districts includes the Foundation Formula distribution and State Transportation Aid.

**The "Annual Amount Over/Under Funded" is the difference between the Actual Expenditures amount and the Statutory Full Funding Level called for in the statutory calculation.

State Aid to Public Higher Education Institutions (Includes both 2 & 4 year)*

| Fiscal Year | Appropriation | Actual Expenditures** | Annual \$ Increase/Decrease | 12-Year Change |
|---------------------------|------------------------|-----------------------|-----------------------------|----------------|
| FY02 | \$968,603,554 | \$814,506,618 | | |
| FY03 | \$871,363,198 | \$842,022,563 | \$27,515,945 | |
| FY04 | \$829,820,980 | \$829,820,980 | (\$12,201,583) | |
| FY05 | \$855,729,164 | \$855,729,164 | \$25,908,184 | |
| FY06 | \$857,487,163 | \$857,487,163 | \$1,757,999 | |
| FY07 | \$877,215,841 | \$877,215,841 | \$19,728,678 | |
| FY08 | \$917,134,414 | \$917,134,414 | \$39,918,573 | |
| FY09 | \$961,515,803 | \$961,515,803 | \$44,381,389 | |
| FY10 | \$961,515,803 | \$961,515,803 | \$0 | |
| FY11 | \$911,457,921 | \$911,457,921 | (\$50,057,882) | |
| FY12 | \$859,655,866 | \$842,945,925 | (\$68,511,996) | |
| FY13 Budget | \$850,655,864 | \$841,879,304 | (\$1,066,621) | \$27,372,686 |
| FY 02-12 \$ Change | (\$108,947,688) | \$28,439,307 | | |
| FY 02-12 % Change | (11.2%) | 3.5% | | |

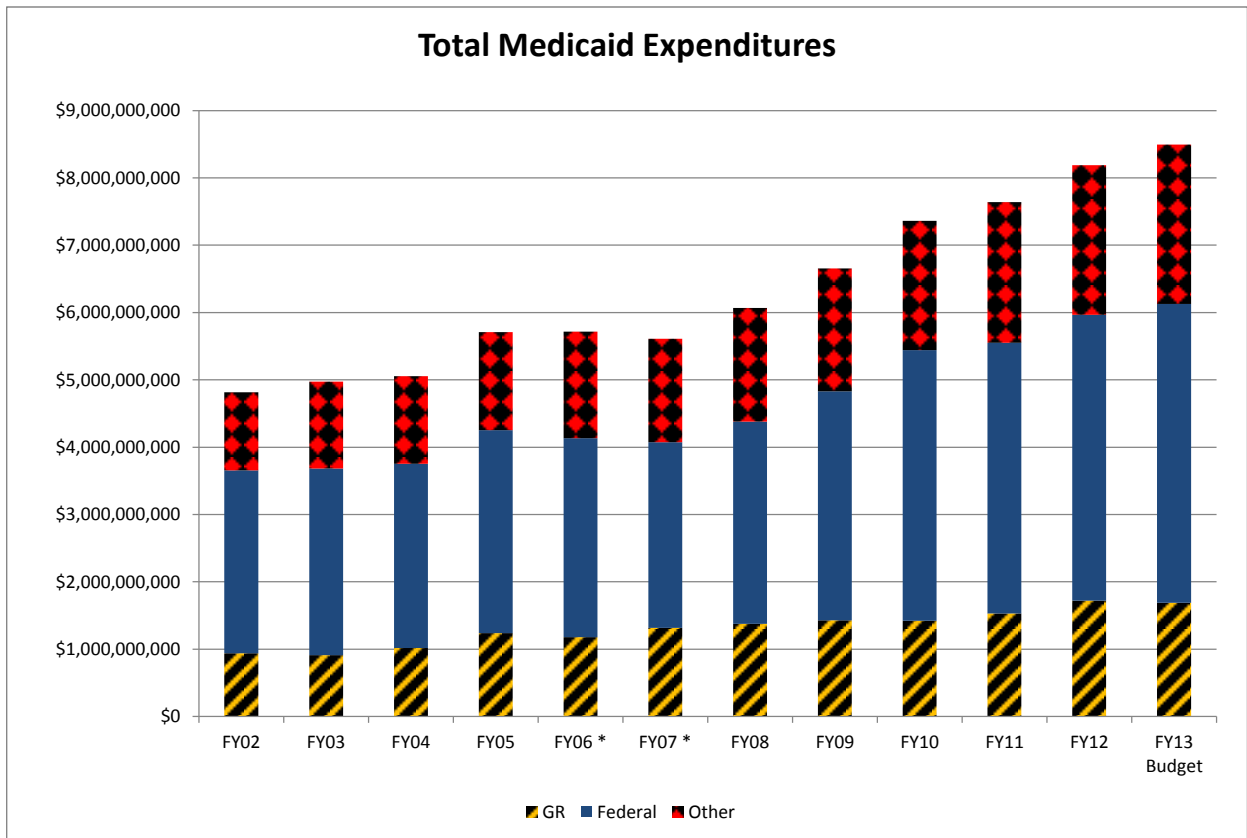


*Includes Operating Aid only, no capital appropriations or expenditures are included in the figures.

**The difference between the Appropriation amounts and the Actual Expenditures amounts reflects withholdings or expenditure restrictions.

Total Medicaid Expenditures

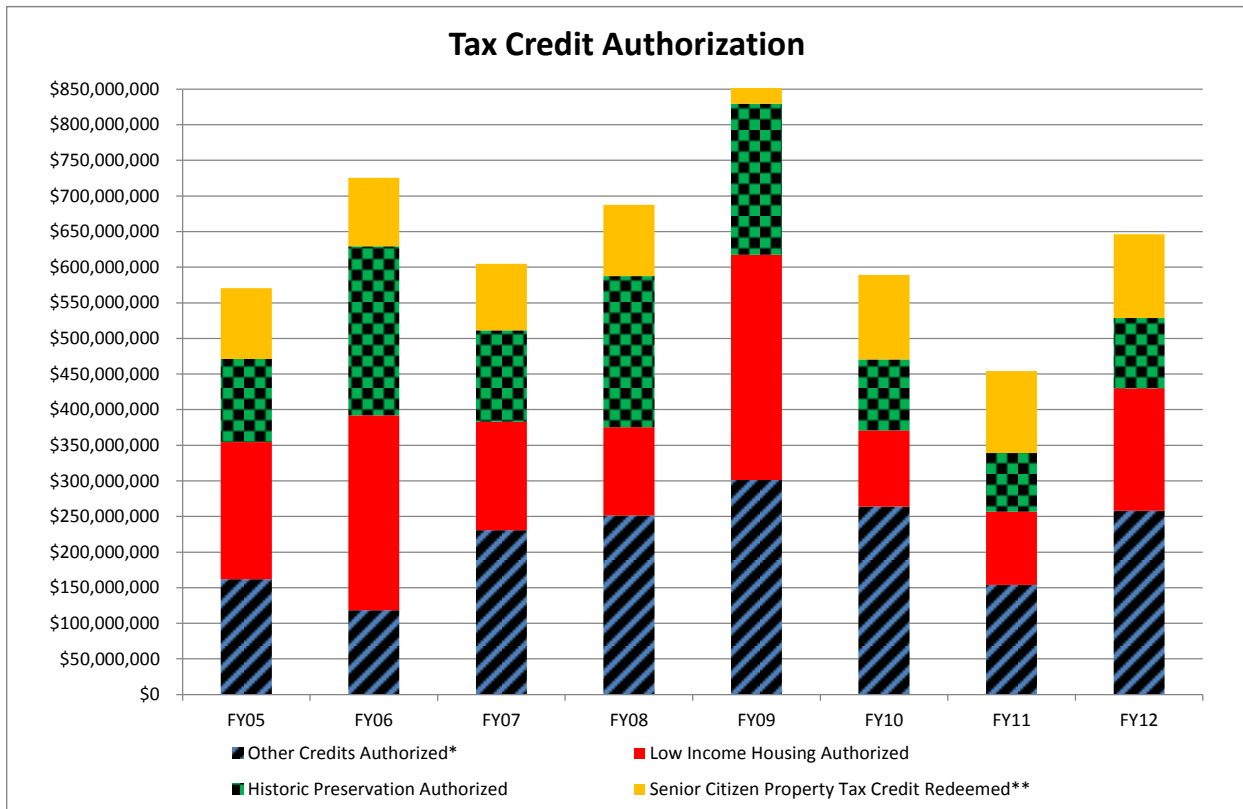
| Fiscal Year | GR | Federal | Other | TOTAL | Annual \$ Increase/ Decrease | Annual % Change |
|-------------------------------|----------------------|------------------------|------------------------|------------------------|---------------------------------|--------------------|
| FY02 | \$939,025,736 | \$2,714,740,612 | \$1,162,881,681 | \$4,816,648,029 | | |
| FY03 | \$909,840,486 | \$2,774,381,575 | \$1,289,559,640 | \$4,973,781,701 | \$157,133,672 | 3.3% |
| FY04 | \$1,015,719,363 | \$2,736,734,886 | \$1,301,502,220 | \$5,053,956,469 | \$80,174,768 | 1.6% |
| FY05 | \$1,239,232,928 | \$3,012,921,591 | \$1,454,976,869 | \$5,707,131,388 | \$653,174,919 | 12.9% |
| FY06 * | \$1,179,023,082 | \$2,953,633,930 | \$1,583,298,275 | \$5,715,955,287 | \$8,823,899 | 0.2% |
| FY07 * | \$1,314,628,474 | \$2,758,291,052 | \$1,538,469,036 | \$5,611,388,562 | (\$104,566,725) | (1.8%) |
| FY08 | \$1,375,403,112 | \$3,004,774,235 | \$1,686,669,384 | \$6,066,846,731 | \$455,458,169 | 8.1% |
| FY09 | \$1,426,658,463 | \$3,404,195,649 | \$1,823,813,784 | \$6,654,667,896 | \$587,821,165 | 9.7% |
| FY10 | \$1,422,260,197 | \$4,019,404,271 | \$1,921,413,365 | \$7,363,077,833 | \$708,409,937 | 10.6% |
| FY11 | \$1,531,501,656 | \$4,017,669,089 | \$2,090,422,485 | \$7,639,593,230 | \$276,515,397 | 3.8% |
| FY12 | \$1,719,187,878 | \$4,245,337,351 | \$2,224,272,128 | \$8,188,797,357 | \$549,204,127 | 7.2% |
| FY13 Budget | \$1,688,546,482 | \$4,438,737,083 | \$2,368,614,358 | \$8,495,897,923 | \$307,100,566 | 3.8% |
| FY 02-12 \$ Change | \$780,162,142 | \$1,530,596,739 | \$1,061,390,447 | \$3,372,149,328 | | |
| FY 02-12 % Change | 83.1% | 56.4% | 91.3% | 70.0% | | |



* Note: The small increase for Fiscal Year 2006 and decrease for Fiscal Year 2007 were due to the passage of Senate Bill 539 and other actions taken during the budget process in the 2005 Legislative Session. The two most significant changes were the reduction of income eligibility guidelines and the elimination of some optional services.

Tax Credit Authorization

| Fiscal Year | Other Credits Authorized* | Low Income Housing Authorized | Historic Preservation Authorized | Senior Citizen Property Tax Credit Redeemed** | TOTAL | Annual % Change |
|---------------------------|---------------------------|-------------------------------|----------------------------------|---|---------------------|-----------------|
| FY05 | \$161,861,675 | \$192,391,760 | \$116,566,180 | \$99,455,570 | \$570,275,185 | |
| FY06 | \$118,236,162 | \$273,640,430 | \$237,389,240 | \$96,090,702 | \$785,356,534 | 37.7% |
| FY07 | \$230,495,778 | \$152,533,950 | \$128,334,628 | \$93,118,747 | \$604,483,103 | (23.0%) |
| FY08 | \$251,077,146 | \$124,120,070 | \$212,050,568 | \$100,164,994 | \$687,412,778 | 13.7% |
| FY09 | \$301,173,289 | \$316,175,550 | \$211,950,941 | \$118,573,853 | \$947,873,633 | 37.9% |
| FY10 | \$263,993,681 | \$106,745,670 | \$99,510,174 | \$118,594,589 | \$588,844,114 | (37.9%) |
| FY11 | \$153,668,836 | \$102,960,000 | \$82,389,494 | \$114,886,668 | \$453,904,998 | (22.9%) |
| FY12 | \$257,944,123 | \$171,894,310 | \$98,591,345 | \$117,603,638 | \$646,033,416 | 42.3% |
| FY 05-12 \$ Change | \$96,082,448 | (\$20,497,450) | (\$17,974,835) | \$18,148,068 | \$75,758,231 | |
| FY 05-12 % Change | 59.4% | (10.7%) | (15.4%) | 18.2% | 13.3% | |



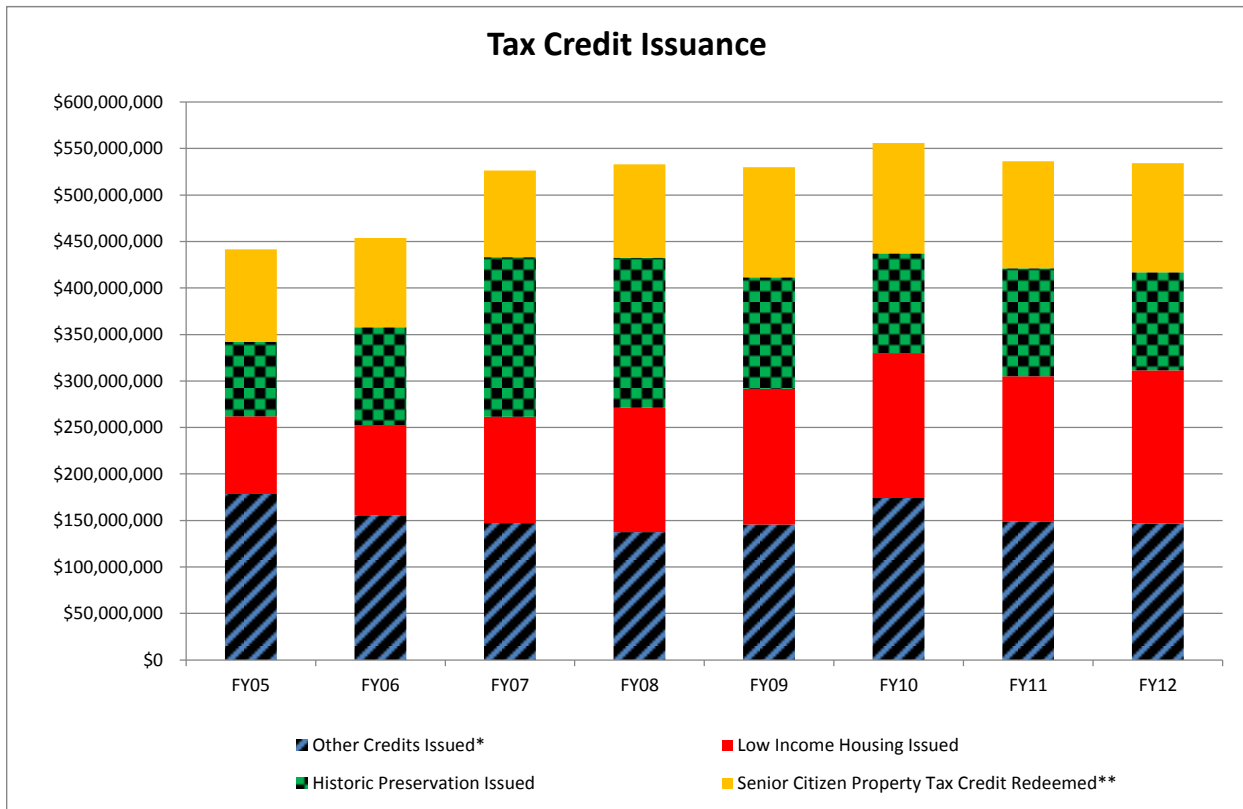
Tax Credit Authorization is not defined in Missouri Statute, however the working definition can be defined as, the point at which an administering agency determines that a proposed project or activity is eligible for tax credits under a tax credit program, and awards or assigns an amount of credits, pending performance of the eligible project or activity. Not all tax credit programs are designed with a separate authorization phase, particularly tax credits that are redeemed directly on the income tax return (e.g. the **Senior Citizens Property Tax Credit).

*The following tax credit programs made up 49% of the Other Credits Authorized in FY 12: Quality Jobs TC 39%, Infrastructure TC 5%, Neighborhood Assistance TC 4%, Distressed Area Land Assemblage TC .5%, and Brownfield Remediation TC .5%.

**The Senior Citizen Property Tax program is redeemed directly on an individual's income tax return. For comparison purposes only, the totals in the Senior Citizen Property Tax column above reflect redeemed amounts only.

Tax Credit Issuance

| Fiscal Year | Other Credits Issued* | Low Income Housing Issued | Historic Preservation Issued | Senior Citizen Property Tax Credit Redeemed** | TOTAL | Annual % Change |
|---------------------------|-----------------------|---------------------------|------------------------------|---|---------------------|-----------------|
| FY05 | \$178,591,356 | \$83,477,412 | \$80,213,374 | \$99,455,570 | \$441,737,712 | |
| FY06 | \$155,612,095 | \$97,151,549 | \$105,071,006 | \$96,090,702 | \$453,925,352 | 2.8% |
| FY07 | \$147,147,422 | \$114,584,066 | \$171,508,564 | \$93,118,747 | \$526,358,799 | 16.0% |
| FY08 | \$137,492,267 | \$133,724,820 | \$161,621,537 | \$100,164,994 | \$533,003,618 | 1.3% |
| FY09 | \$145,635,446 | \$145,997,420 | \$119,914,948 | \$118,573,853 | \$530,121,667 | (0.5%) |
| FY10 | \$174,365,762 | \$155,703,625 | \$107,229,218 | \$118,594,589 | \$555,893,194 | 4.9% |
| FY11 | \$149,128,739 | \$156,016,305 | \$116,244,410 | \$114,886,668 | \$536,276,122 | (3.5%) |
| FY12 | \$146,643,616 | \$164,956,766 | \$105,272,651 | \$117,603,638 | \$534,476,671 | (0.3%) |
| FY 05-12 \$ Change | (\$31,947,740) | \$81,479,354 | \$25,059,277 | \$18,148,068 | \$92,738,959 | |
| FY 05-12 % Change | (17.9%) | 97.6% | 31.2% | 18.2% | 21.0% | |



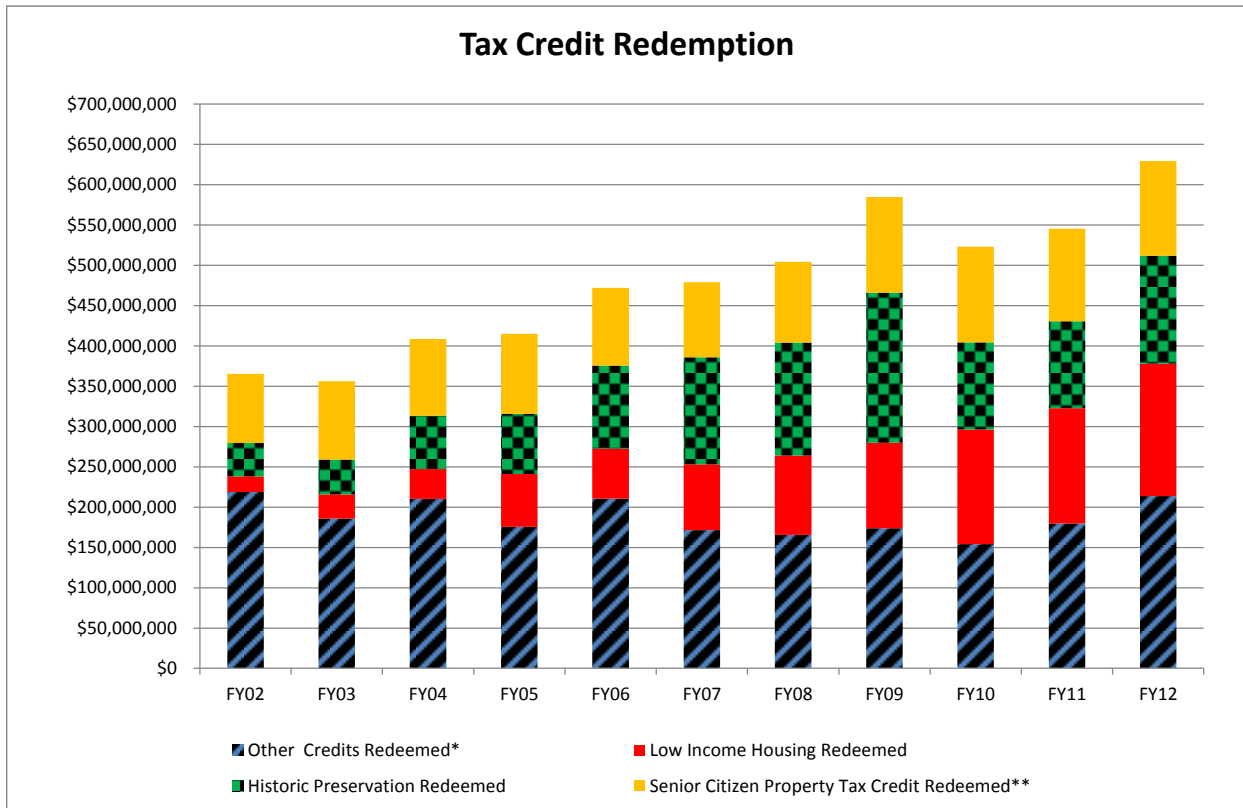
Tax Credits Issued is not defined in Missouri Statute, however the working definition can be defined as, the processes by which the state provides an authorized tax credit to a recipient who has met the program performance benchmarks. A tax credit is typically issued in the form of a certificate that a taxpayer submits with their tax return. Issuances may occur several times for the same project. Depending on the specific program, issuance of a credit may be limited solely to the applicant or may be issued to investors or contributors in a project. The amount of credits actually issued for a project or activity may be less than initially authorized.

*The following tax credit programs made up 47% of the Other Credits Issued in FY 12: Quality Jobs TC 26%, Infrastructure TC 8%, Neighborhood Assistance TC 6%, Distressed Area Land Assemblage TC 2%, and Brownfield Remediation TC 5%.

**The Senior Citizen Property Tax program is redeemed directly on an individual's income tax return. For comparison purposes only, the totals in the Senior Citizen Property Tax column above reflect redeemed amounts only.

Tax Credit Redemption

| Fiscal Year | Other Credits Redeemed* | Low Income Housing Redeemed | Historic Preservation Redeemed | Senior Citizen Property Tax Credit Redeemed | Total Redeemed | Annual % Change |
|---------------------------|-------------------------|-----------------------------|--------------------------------|---|----------------------|-----------------|
| FY02 | \$218,428,803 | \$19,474,343 | \$41,401,415 | \$85,901,460 | \$365,206,021 | |
| FY03 | \$185,642,732 | \$29,978,473 | \$43,153,986 | \$97,180,378 | \$355,955,569 | (2.5%) |
| FY04 | \$210,026,905 | \$36,916,831 | \$66,089,980 | \$95,237,314 | \$408,271,030 | 14.7% |
| FY05 | \$175,525,399 | \$65,392,601 | \$74,532,355 | \$99,455,570 | \$414,905,925 | 22.9% |
| FY06 | \$210,446,434 | \$61,963,798 | \$103,134,226 | \$96,090,702 | \$471,635,160 | 13.7% |
| FY07 | \$171,336,551 | \$81,646,784 | \$132,841,728 | \$93,118,747 | \$478,943,810 | 1.5% |
| FY08 | \$165,450,812 | \$98,305,085 | \$140,111,002 | \$100,164,994 | \$504,031,893 | 5.2% |
| FY09 | \$173,559,071 | \$105,967,104 | \$186,426,164 | \$118,573,853 | \$584,526,192 | 16.0% |
| FY10 | \$154,074,220 | \$142,141,458 | \$108,064,200 | \$118,594,589 | \$522,874,467 | (10.5%) |
| FY11 | \$179,436,166 | \$143,055,387 | \$107,767,393 | \$114,886,668 | \$545,145,614 | 4.3% |
| FY12 | \$213,561,619 | \$164,208,547 | \$133,937,747 | \$117,603,638 | \$629,311,551 | 15.4% |
| FY 02-12 \$ Change | (\$4,867,184) | \$144,734,204 | \$92,536,332 | \$31,702,178 | \$264,105,530 | |
| FY 02-12 % Change | (2.2%) | 743.2% | 223.5% | 36.9% | 72.3% | |



Tax Credit Redemption is not defined in Missouri Statute, however the working definition can be defined as, the process by which the holder of a tax credit applies the credit to outstanding tax liability by turning it in to the Department of Revenue or Department of Insurance.

*The following tax credit programs made up 50% of the Other Credits Redeemed in FY 12: Quality Jobs TC 17%, Infrastructure TC 16%, Neighborhood Assistance TC 5%, Distressed Area Land Assemblage TC 4%, and Brownfield Remediation TC 8%.

Tax Credit Redemption for Fiscal Years 2005 - 2012

| Fiscal Year | Other Credits Redeemed | Low Income Housing Redeemed | Historic Preservation Redeemed | Senior Citizen Property Tax Credit Redeemed | Total Redeemed |
|-------------|------------------------|-----------------------------|--------------------------------|---|-----------------|
| FY 05-12 | \$1,443,390,272 | \$862,680,764 | \$986,814,815 | \$858,488,761 | \$4,151,374,612 |

